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2008 JUL 31 P 6 45

July 31, 2008

MUR # 6048

VIA FEDERAL EXPRESS

Jeff S Jordan
Supervising Attorney
Complaints Examination and Legal Administration
Federal Election Commission
999 E Street, NW
Washington, D C 20463

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Re **First Allmerica Financial Life Insurance Company Federal PAC
FEC #C00169516
Complaint Against Maureen Duffy**

Dear Mr Jordan

Enclosed is an original and three copies of a Complaint against Maureen Duffy, signed by J Kendall Huber, Senior Vice President, General Counsel, and Assistant Secretary of The Hanover Insurance Group, Inc Thank you

Sincerely,

Donald K Stern

DKS/smw
Enclosures

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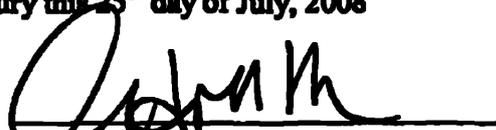
2008 JUL 31 P 6 45

Complaint

MUR # 6048

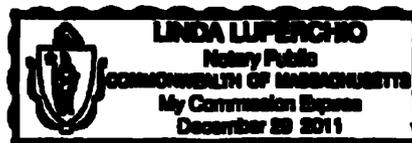
I, J Kendall Huber, Senior Vice President, General Counsel and Assistant Secretary of The Hanover Insurance Group, Inc , 440 Lincoln Street, Worcester, Massachusetts 01653, (formerly named "Allmerica Financial Corporation") file this Complaint, on behalf of The Hanover Insurance Group, Inc against the Respondent Maureen Duffy, whose last known address in our records is _____, Webster, Massachusetts 01570 The facts upon which I rely are contained in the attached letter of June 16, 2008 to April J Sands, Office of General Counsel, Federal Election Commission, from Donald K Stern, regarding the First Allmerica Financial Life Insurance Company Federal PAC I do not have personal knowledge of the facts contained in the letter, but believe them to be accurate, since they are based on an internal review conducted by the internal audit department of The Hanover Insurance Group, Inc

Signed under the pains and penalties of perjury this 25th day of July, 2008


J. Kendall Huber

Signed and sworn to before me, on the 25th day of July, 2008


Notary Public



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Donald K Stern
(617) 937-2321
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June 16, 2008

April J Sands
Senior Enforcement Attorney
Office of the General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

**RE: First Allmerica Financial Life Insurance Company Federal PAC
FEC #C80168816**

Dear Ms Sands

On February 20, 2008, I reported to you that The Hanover Insurance Group, Inc ("Hanover," formerly named First Allmerica Financial Corporation) had just discovered that an employee embezzled company funds and used a federal PAC and a Massachusetts PAC as conduits to convert funds for her personal benefit. At the time, I informed you that we would report further details as soon as possible. Although it has taken longer than anticipated to do so, here is the report.

Conversion of Corporate Funds

On February 14, 2008, an administrative assistant in the Office of the General Counsel of Hanover was terminated after she admitted in an interview to stealing corporate funds for her own personal gain. This interview followed an internal audit investigation by Hanover which led it to believe that the employee had misappropriated corporate funds. The employee had been employed by Hanover for approximately ten years.

The terminated employee committed the fraud by creating fraudulent invoices for services or membership dues to vendors/organizations occasionally used by the company or to entities with names similar to the Federal or Massachusetts PACs so that the checks could be deposited into the PAC accounts. No checks ever went to any of the vendors/organizations as the terminated employee created the fraudulent invoices, forged internal approvals and submitted the documents to the accounts payable department. The checks issued by accounts payable were returned directly to the terminated employee who then deposited them into the PAC account and then wrote checks to herself using the fraudulently obtained funds.

As a result of a more detailed investigation, which commenced immediately following the employee's termination, it has been determined that Hanover's loss due to the unauthorized actions of the terminated employee was approximately \$22,000. Hanover's investigation confirmed that the terminated employee funneled the misappropriated corporate funds into the

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two PAC accounts, commingled these funds, and then directed them to her personal use. In an apparent attempt to avoid detection, the employee from time to time deposited other (not corporate and not political contributions) monies directly into the accounts. The source of these funds has not been determined. The calculation of stolen corporate funds is net of these deposits, but includes overdraft and other banking charges generated from her actions.

First Allmerica Financial Life Insurance Company Federal PAC

The terminated employee converted corporate funds to her own use by misusing her position as an assistant treasurer of both the Federal and Massachusetts PACs. In her role as an assistant treasurer, she had authority to write checks at the direction of the Treasurer and to reconcile the PAC checking account. The terminated employee was not, however, authorized to sign checks to herself, or to write checks without the Treasurer's authorization.

The inappropriate conduct may have begun as early as 2003, but was not detected sooner because the PAC accounts were viewed as essentially dormant since no new contributions had been solicited or received from individual contributors since 2002 and disbursement checks from the PACs, while very limited, were honored by the bank.

Hanover's investigators reviewed each and every check written to a political candidate's committee since the time the terminated employee began stealing corporate funds and found that all such checks were authorized and legitimate.

If the fraudulent activity had not occurred, the federal PAC balance would have been \$(298.06) (The negative balance resulted from the level of inappropriate activity which shielded from view the true balance in the account.) The account was discovered to be overdrawn when the malfeasance was uncovered.

The balance in each of the PACs is currently under \$10.00 due to recent contributions from other PAC officers since the fraud was discovered. These contributions were made to eliminate ongoing bank charges.

Current and Proposed Actions:

Hanover has taken immediate action in a number of areas in order to appropriately respond to this situation. Hanover's internal investigation initially uncovered the illegal conduct on the part of the terminated employee. The employee was confronted with the results of the initial internal investigation, admitted the wrongdoing and was immediately terminated. Hanover then contacted the two regulatory agencies responsible for regulating the PACs to provide initial notice of the wrongdoing. Hanover also referred the matter to representatives of the Massachusetts Attorney General that are assigned to the Insurance Fraud Bureau. The Attorney General's Office has referred the matter to the Worcester County District Attorney's office, which is conducting an investigation. Hanover plans to work cooperatively with law enforcement officials to see that the terminated employee is prosecuted to the fullest extent of the law.

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Separately, the PAC officers plan to close both of the PACs and related bank accounts as soon as final reports are submitted to the respective regulatory agencies overseeing the operation of the PACs. As indicated above, the PACs were essentially viewed as dormant and the PAC officers recognize that since there is no interest in maintaining the PACs on an active basis, the best course of action at this time is to close out each of the PACs and their related bank accounts.

Please advise me if you have any other questions or if other action should be taken.

Sincerely,


Donald K Stern

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